

ADMINISTRATION FOR CHILDREN AND FAMILIES

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/-Enacted</u>
Program Level.....	\$38,381	\$43,149	\$44,387	+\$1,238
FTE.....	1,470	1,532	1,547	+15

SUMMARY

The FY 2002 budget request for the Administration for Children and Families (ACF) totals \$44.4 billion, a net increase of \$1.2 billion, or 2.9 percent, over FY 2001. Of these funds, \$12.6 billion is the discretionary program level and \$31.8 billion is the entitlement budget authority.

The Administration for Children and Families is the Department's lead agency for programs that promote the economic and social well-being of families, children, individuals, and communities.

DISCRETIONARY PROGRAM SUMMARY

The ACF discretionary budget totals \$12.6 billion, a net increase of \$514 million. The total includes increases to strengthen families, support services for at-risk children and youth, and continue support for Head Start.

STRENGTHENING FAMILIES

Support that results in successful outcomes for those in need can come from many sources, not just the Government. In every instance where this Administration sees a responsibility to help people, it will look to faith-based organizations, charities,

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and community groups that have shown the ability to change lives. These groups will not replace Government, but rather partner with it to make life better for those in need.

Too many

Americans suffer despair and poverty despite numerous government programs. For example:

- As many as 15 million young people are at risk of not reaching productive adulthood because of crime, drugs, and other problems that make it difficult to get an education or obtain a job.
- As many as 1.5 million children have a parent in prison.
- Over half a million children are in foster care, more than one-fifth of whom are awaiting adoption.
- Nearly one-in-six families with children live on an annual income of \$17,000 or less.

The FY 2002 budget includes a multifaceted approach to achieve effective interventions on behalf of children and families in need.

Compassion Capital Fund: The President's Budget includes \$89 million for a Compassion Capital Fund to support the

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creation of public/private partnerships to provide start-up capital and operating funds to qualified charitable organizations that

wish to expand or emulate model social services programs. Areas to be highlighted include mentoring children of prisoners, after school child care, and elder care.

Supporting Children of Prisoners: America is home to 1.5 million children of prisoners on an average day. Low-income children of prisoners suffer disproportionate rates of many severe social problems including substance abuse, gang involvement, early childbearing, and delinquency. The President's Budget includes \$67 million to fund activities to assist children while their parents are in prison, maintaining children's connection to an imprisoned parent, and to support family reunification.

After School Programs: The FY 2002 budget includes a \$400 million set-aside for after school certificates within the Child Care and Development Block Grant. Funding will provide certificates for up to 500,000 low-income parents of children up to 19 years of age. These funds will assist parents in obtaining after-school child care in programs with a high-quality educational focus.

Maternity Group Homes: The President's Budget provides \$33 million for maternity group homes. Through community based adult-supervised group homes or

apartment clusters, young mothers and their children, who are unable to live with their own families because of abuse, neglect, or other circumstances, will have access to safe and stable environments. Funds will support certificates to individuals for services and assist providers – including faith-based and charitable organizations – in establishing and operating these facilities. These facilities will offer child care, education, job training, counseling, and advice on parenting skills.

Promoting Responsible Fatherhood: In 1960, less than 10 million children did not live with their fathers, today the number is nearly 25 million. The budget includes \$64 million for programs that promote responsible fatherhood. Funding will be provided to faith-based and community organizations that help unemployed and low-income fathers and their families avoid or leave cash welfare, as well as for programs that promote successful parenting and marriage. Within the \$64 million, \$4 million is for Projects of National Significance to support the expansion of State and local responsible fatherhood efforts.

Office of Faith-Based and Community Programs: On January 29, 2001, the President issued an Executive Order formally establishing the Office of Faith-Based and Community Initiatives. On March 20, 2001, Secretary Thompson established the HHS Center for Faith-Based and Community Initiatives. The Center will coordinate departmental efforts to eliminate barriers to the participation of faith-based and other community organizations in providing social services. The budget includes \$3 million to support the Center.

CHILD CARE

Reliable, high quality child care is essential both to parents' continued employment and to children's health and

intellectual development. The FY 2002 budget includes \$2.2 billion for the discretionary Child Care and Development Block Grant (CCDBG), an increase of \$200 million over FY 2001. Within the total available, the budget creates a new \$400 million set-aside for after school child care certificates. The certificates will assist up to 500,000 parents in obtaining after school child care with a high-quality education focus. By including the certificates, an estimated 2.6 million children will be served by the Child Care Development Fund.

HEAD START

The President's Budget request includes \$6.3 billion for Head Start, an increase of \$125 million over FY 2001. In FY 2002, 916,000 children will receive Head Start services including 55,000 children in Early Head Start. The increase will provide sufficient funds to maintain current enrollment levels, strengthen training and technical assistance, and support competitive salaries for Head Start teachers.

In FY 2002, the Administration will reform Head Start by making school readiness – pre-reading and numeracy skills – Head Start's top priority. The President has proposed to move Head Start to the Department of Education to strengthen this new emphasis. The Administration also supports an early reading initiative, funded by the Department of Education, to help prepare young children to read in existing pre-school and Head Start programs.

As America's premier early childhood education program, Head Start ensures that low-income children start school ready to learn. Head Start promotes reading in several ways, by mandating performance standards and teacher qualifications in the Head Start Act, through technical assistance and professional staff development, and through research to monitor outcomes.

Head Start also provides children with comprehensive child development and health services including, immunizations, physical and dental exams, and nutritional services.

LOW INCOME HEATING AND ENERGY ASSISTANCE PROGRAM (LIHEAP)

The FY 2002 budget provides a total of \$1.7 billion for LIHEAP, including \$1.4 billion for formula block grants to States and \$300 million for contingency funding. The contingency funds will be available for release in a heating or cooling emergency – such as extreme temperature or high fuel prices, or to meet energy needs related to a natural disaster. The budget proposes to eliminate the requirement that the President declare a budgetary emergency before HHS releases funds to one or more States; this change results from government-wide proposals related to emergency funding.

LIHEAP normally provides heating and cooling benefits to approximately 4.3 million households each year. Of the recipient households, approximately one-third include an elderly member, one-third include a person with a disability, nearly half include a child under age 18, and 22 percent of recipients do not receive any other public assistance.

REFUGEE AND ENTRANT ASSISTANCE

The budget requests \$445 million in FY 2002. This request will provide eight months of cash and medical assistance and access to social service programs to an estimated 100,000 refugees and 21,000 Cubans, Haitians, and victims of trafficking. Of the funds requested, ACF will allocate \$237 million to Transitional and Medical Services, \$144 million to Social Services, \$49 million to Targeted Assistance, and \$5 million to Preventative Health. The budget includes \$10 million to

support domestic treatment activities authorized by the Torture Victims Relief Act.

Victims of Trafficking: Within the amounts above, the FY 2002 budget includes up to \$10 million to support the newly authorized Trafficking Victims Protection Act. The Trafficking Act makes victims of severe forms of human-trafficking eligible for services as a refugee. Based on State Department estimates, the budget includes funding to provide services for up to 1,000 trafficking victims.

NATIVE AMERICAN PROGRAMS

The budget includes a request of \$44 million for the programs of the Administration for Native Americans. Funds are awarded competitively, primarily for Social and Economic Development Strategies grants, which promote self-sufficiency for individuals, Tribes and Native American communities. Grants are also provided for native language preservation and the development of tribal environmental regulations.

The Native American Program has received an increase of \$9 million in funding since FY 2000. The number of grantees served has grown by 25 percent for a total of 261 grantees.

DEVELOPMENTAL DISABILITIES

The budget includes a request of \$133 million for Developmental Disabilities programs. The Developmental Disabilities program helps States to ensure that all persons with developmental disabilities are able to access services for enhanced independence, productivity, integration, and inclusion in the community.

CHILD WELFARE/ABUSE PROGRAMS

In FY 2002, the President's Budget includes \$411 million to support States and localities in their efforts to protect children

by strengthening families, and preventing abuse and neglect. These funds will help to provide services to prevent child abuse and neglect, and to intervene in cases in which child maltreatment has been reported.

In 1999, an estimated 1.6 million children received services to prevent child abuse and neglect. An estimated 2.9 million children were the subject of an investigation or assessment pertaining to child abuse or neglect, and 826,000 children were found to be victims of maltreatment.

These funds, combined with the large increase in mandatory funding for Safe and Stable Families and the Foster Care Independent Living program, will provide States with much needed funding to strengthen services provided to children and families in the child welfare system. With these services more families will be kept together, or children will be moved to adoption more quickly so that they become part of a safe and stable environment as quickly as possible.

FEDERAL ADMINISTRATION

The Federal Administration request is \$182 million, an increase of \$8 million. This level will fund an estimated 1,547 FTE in FY 2002. These funds will support critical travel and monitoring systems responsibilities, Federal pay raises, and all other general overhead expenses.

SUPPORTING SOCIAL SERVICES RESEARCH

Central to the ACF mission is sound research to help guide State and local efforts to help low-income families become and remain economically self-sufficient and to strengthen families. The FY 2002 budget includes a total of \$27 million for research, of which \$6 million is discretionary funding. The remaining \$21 million is mandatory funding made available by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

REDIRECTED RESOURCES

In FY 2002, resources are redirected in some areas to fund higher priority needs in others. The budget does not fund the Early Learning Fund and three Community Services programs including National Youth Sports, Rural Community Facilities, and Community Food and Nutrition, for a total reduction of \$48 million. The budget also does not include \$28 million in one-time projects for Social Services Research (\$11 million), Child Abuse (\$16 million), Native American (\$2 million), and Developmental Disability (\$200,000) programs that were funded in FY 2001 appropriations.

ENTITLEMENT PROGRAM SUMMARY

The Department's FY 2002 ACF budget includes \$31.8 billion in budget authority for entitlement programs. This total includes pre-appropriated funding for the Temporary Assistance for Needy Families (TANF) program and the Child Care Entitlement to States. The ACF entitlement budget also includes proposals to increase funding for Promoting Safe and Stable Families and the Independent Living Program. In addition, the President's Budget includes a proposal to give States the option to count as TANF expenditures the costs of offering a charitable State tax credit.

CHILD CARE ENTITLEMENT TO STATES

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (welfare reform) amended the Child Care and Development Block Grant Act (CCDBG) by consolidating four former child care programs and creating an entitlement portion of the block grant that includes both matching and mandatory funds. Currently, all States receive discretionary and entitlement funds. The entitlement funds help States provide subsidies to working families and require

States to spend a minimum of four percent of the funds to improve the quality and availability of healthy and safe child care for all families. Additional amounts of the discretionary funds are also set aside for quality improvements and research and referral activities.

For FY 2002, welfare reform authorized and pre-appropriated entitlement funds (matching and mandatory) of \$2.7 billion for child care programs, a \$150 million increase over FY 2001. States are allowed maximum flexibility in developing child care programs. These funds, combined with the requested \$2.2 billion in discretionary child care funding, will continue to enhance support for working families and to help move families from welfare to work.

The Child Care Entitlement funds include: 1) Mandatory Child Care, 2) Matching Child Care, and 3) Training and Technical Assistance.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES

The TANF block grant, a single capped entitlement of approximately \$16.7 billion annually, provides funds to States to design creative programs to help families transition from welfare to self-sufficiency. Under TANF, recipients must engage in work activities to receive time-limited assistance. According to State reports, more than 1.2 million parents on welfare went to work between 1998 and 1999. Overall, 43 percent of welfare recipients entered the work force in 1999 compared with 39 percent in 1998. Not only are these adults working, but their incomes are rising as time goes on, a critical component of staying off of welfare. In 1999, States reported an average earnings increase of 22 percent for former welfare recipients over a period of two quarters. Last year, States reported an average increase of 24 percent.

Welfare reform legislation authorizes the following activities:

- Family Assistance Grants to States, Tribes and Territories;
- Matching Grants to Territories;
- Bonus to Reward Decrease in Out-of-Wedlock births;
- Bonus to Reward High Performance States;
- Tribal Work Programs; and,
- Loans for State Welfare Programs.

Up to a combined 30 percent of TANF funds may be transferred to either the Child Care and Development Block Grant or the Social Services Block Grant (SSBG). Starting in FY 2002, transfers to SSBG will be limited to 4.25 percent of TANF funds. States are transferring large amounts of their TANF funds to the Child Care and Development Block Grant, in response to the increased needs in this program.

TANF LEGISLATIVE PROPOSALS

The FY 2002 President's Budget contains a new proposal that would allow States to partially offset, at State option, costs of a Charitable State Tax Credit (CSTC) with funding from the TANF program. States that offer a CSTC would provide a credit (of up to 50 percent of the first \$500 for individuals and \$1,000 for married couples) toward State income or other taxes for contributions to charities designated by States as addressing poverty and its impact (defined as consistent with purposes of the TANF program). States who choose to offset the cost of this credit with TANF dollars would be required to meet maintenance of effort and matching requirements. This proposal is budget neutral over ten years.

CHILDREN'S RESEARCH AND TECHNICAL ASSISTANCE (CRTA)

Welfare reform authorizes and appropriates funds for welfare research and technical assistance for States. The FY 2002 total is \$62 million.

Included in this total is \$21 million in pre-appropriated mandatory funds, of which \$15 million is for welfare research and \$6 million is for a longitudinal child welfare study. These funds will also support welfare research on the effects of welfare reform and on ways to improve the welfare system.

The remaining \$41 million of the request includes two child support set-asides: one for training and technical assistance and the other to assist in operating the Federal Parent Locator Service (FPLS). The funds appropriated for these activities are equal to one and two percent respectively of the amount paid to the Federal government for its share of child support collections during the preceding fiscal year.

CHILD SUPPORT ENFORCEMENT

The Child Support Enforcement (CSE) program is a joint Federal, State and local partnership that seeks to ensure financial and emotional support for children from both parents by locating non-custodial parents, establishing paternity, and establishing and enforcing child support orders. The program provides critical support for working families and assists in the transition to self-sufficiency. In FY 2002, an estimated total of \$5.4 billion in Federal and State dollars will be spent in order to collect \$21.2 billion in payments. This represents a nine percent gain in collections over FY 2001 and an expected total return of about \$4 for every \$1 invested in the administration of the program. Since the inception of the program in FY 1975, over \$100 billion has been collected. In FY 2000, the program set a new record amount of \$1.4 billion collected in overdue child support from Federal income tax refunds.

Last year, the National Directory of New Hires (NDNH) helped locate more than 3.5 million non-custodial parents. In addition, paternity establishment rose to 1.6 million in 1999.

The Federal government shares in the financing of this program by providing incentive payments, a 66 percent match rate for general State administrative costs, and an enhanced match rate for paternity testing and specified automated systems requirements. The CSE program also includes a capped entitlement of \$10 million annually for grants to States to facilitate non-custodial parents' access to and visitation of their children.

The CSE program strengthens families by helping children get the support they are owed from non-custodial parents. In non-TANF cases, child support collections are forwarded to the custodial family. By securing support on a consistent and continuing basis, families may avoid the need for public assistance, thus potentially reducing future welfare, Food Stamp, and Medicaid spending. Applicants for TANF assign their rights to support payments to the State as a condition of receipt of assistance. Child support collections on behalf of families receiving TANF and some collections on behalf of former TANF recipients are shared between the State and Federal government.

As noted above, a portion of the Federal share of child support collections is paid to the States as incentive payments. Previously, Federal incentive payments to States were based on the State's cost effectiveness in operating the program and the amount of payments collected. Following passage of the Child Support Performance and Incentive Act of 1998, a new incentives structure was put into place using five key measures: paternity establishment, support order establishment, collections on current support, collections on past-due support, and cost effectiveness. This new system will be fully implemented in FY 2002.

FOSTER CARE, ADOPTION ASSISTANCE AND INDEPENDENT LIVING PROGRAM

The FY 2002 budget requests \$6.7 billion in budget authority for the Foster Care, Adoption Assistance and Independent Living programs.

Of the total request, \$5.1 billion will provide Foster Care payments on behalf of about 290,700 children each month. This request will also fund State administration, including child welfare information systems, training, and State data systems.

For the Adoption Assistance program, about \$1.4 billion will provide payments for families who adopt special needs children. Monthly payments are made on behalf of adopted children until their 18th birthday. The proposed level of funding will support approximately 301,600 children each month.

The budget includes \$140 million to fund the Independent Living Program, and an additional \$60 million for the legislative proposal described below.

FOSTER CARE-RELATED LEGISLATIVE PROPOSALS

Independent Living Program (ILP):
Approximately 16,000 youth age out of the foster care system annually. Young people interested in higher education or vocational training often do not have the resources to pay for these opportunities. This proposal would provide \$60 million to States to support these young people in furthering their education, through either college or technical training, and increase the prospect that they will be able to secure work and become contributing members of adult society. States receive funds to implement this program based on the number of youth in the foster care system from ages 16 to 21.

Promoting Safe and Stable Families:
The Adoption and Safe Families Act of 1997 reauthorized and expanded the Promoting Safe and Stable Families program (formerly known as the Family Preservation and

Support program). The FY 2002 request includes \$505 million, a \$200 million increase over FY 2001, for States and eligible Indian tribes.

The Promoting Safe and Stable Families program supports State child welfare agencies and tribes in providing for the best interests of the child through: family preservation services, family support services, time-limited family reunification services, and adoption promotion and support services.

SOCIAL SERVICES BLOCK GRANT

Through a pre-appropriated block grant, the Social Services Block Grant (SSBG) allows States the flexibility to provide or

supplement social services at the State and local levels. SSBG is funded at \$1.7 billion for FY 2002 and provides direct social services and resources that link human service delivery systems together. Programs or services most frequently supported by SSBG include child care, child welfare (foster care, adoption and protective services), elder care, drug abuse prevention and treatment activities, home-based services, employment services, prevention and intervention programs, and services for the disabled.

ACF OVERVIEW: DISCRETIONARY SPENDING

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/-Enacted</u>
Strengthening Families:				
Compassion Capital Fund.....	\$0	\$0	\$89	+\$89
Promoting Responsible Fatherhood	0	0	64	+64
Maternity Group Homes.....	0	0	33	+33
Mentoring Children of Prisoners.....	0	0	67	+67
Office of Faith Based	0	0	3	+3
Child Care & Development Block Grant:				
Child Care & Development Block Grant.....	\$1,173	\$1,990	\$2,190	+\$200
<i>After School Certificate Set-Aside (non-add)</i>	0	0	400	+400
Research and Evaluation Fund.....	10	10	10	0
Subtotal, CCDBG.....	\$1,183	\$2,000	\$2,200	+\$200
Head Start 2/.....	\$5,266	\$6,200	\$6,325	+\$125
LIHEAP 1/.....	\$1,100	\$1,400	\$1,400	\$0
LIHEAP Emergency Contingency Fund.....	900	300	300	0
<i>Available for Obligation (non-add)</i>	0	0	0	0
Subtotal, LIHEAP.....	\$2,000	\$1,700	\$1,700	\$0
Refugees:				
Refugee and Entrant Assistance.....	\$426	\$433	\$445	+\$12
<i>Victims of Torture (non-add)</i>	7	10	10	0
Carry-over Funds.....	72	12	0	-12
Subtotal, Refugees.....	\$498	\$445	\$445	\$0
Native Americans.....	35	46	45	-1
Developmental Disabilities.....	122	133	133	0
Child Abuse.....	72	88	72	-16
Child Welfare.....	339	339	339	0
Federal Administration.....	158	174	182	+8
Social Services Research & Demonstrations.....	28	37	27	-10
<i>Social Services R&D: Mandatory (non-add)</i>	0	0	21	+21
Early Learning Fund	0	20	0	-20
Runaway and Homeless Youth.....	64	69	69	0
Adoption Incentives.....	42	43	43	0
Community Services:				
Community Services Block Grant.....	\$528	\$600	\$600	\$0
Individual Development Accounts.....	10	25	25	0
Other Discretionary Programs.....	57	58	30	-28
Subtotal, Community Services.....	\$594	\$683	\$655	-\$28
Violence Against Women.....	118	134	134	0
Total, ACF Discretionary Program Level.....	\$10,519	\$12,111	\$12,625	+\$514
Less Funds Allocated from Other Sources:				
Social Services R&D: Mandatory.....	0	0	-21	-21
1% / 2% Fed. Admin. Funds (pre-appropriated).....	-10	-10	-10	0
Head Start Advance Appropriation.....	-1,400	0	0	0
Total, ACF Discretionary B. A.....	\$9,109	\$12,101	\$12,594	+\$493
FTE.....	1,470	1,532	1,547	+15

/1 Of the \$900 million in Emergency Contingency funds appropriated in FY 2000, \$155 million was obligated in FY 2001.

/2 FY 2001 and FY 2002 funding levels included \$1.4 billion advanced appropriation for subsequent year.

ACF OVERVIEW ENTITLEMENT SPENDING

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Enacted</u>	2002 <u>Request</u>	Request <u>+/- Enacted</u>
TANF/1.....	\$16,689	\$16,689	\$16,679	-\$10
Child Care Entitlement	2,367	2,567	2,717	+150
Child Support Enforcement & Family Support (net BA)	1,010	3,321	3,448	+127
<i>CSE & FS Program Obligations (non-add).....</i>	<i>3,353</i>	<i>3,748</i>	<i>3,908</i>	<i>+160</i>
Foster Care/Adoption Assistance	5,697	6,401	6,682	+281
Children's Research & Technical Assist (net BA)	39	40	62	+22
Promoting Safe and Stable Families.....	295	305	505	+200
Social Service Block Grant.....	<u>1,775</u>	<u>1,725</u>	<u>1,700</u>	<u>-25</u>
Total, Budget Authority	\$27,872	\$31,048	\$31,793	+\$745

NOTE: FY 2002 levels include legislative proposals and reflect preappropriated amounts for TANF, Child Care and Children's Research and Technical Assistance.

1/ FY 2002 amount reflects anticipated State penalties against family assistance grants.

ACF PROPOSED ENTITLEMENT LEGISLATION

(dollars in millions)

	<u>FY 2002</u>	<u>FY 02-06</u>	<u>FY 02-11</u>
TANF Charitable State Tax Credit (outlays).....	\$0	\$850	\$0
Promoting Safe and Stable Families (BA).....	200	1,000	2,000
Foster Care/Adoption Assistance/Independent Living Program (BA)....	<u>60</u>	<u>300</u>	<u>600</u>
Total, ACF Proposed Law Impact.....	\$260	\$2,150	\$2,600

CHILD SUPPORT ENFORCEMENT OVERVIEW: COLLECTIONS AND COSTS

(dollars in millions)

	2000 <u>Actual</u>	2001 <u>Estimate</u>	2002 <u>Estimate</u>	2002 <u>+/-2001</u>
Total Collections Distributed:				
Non-TANF Families	\$15,159	\$16,903	\$18,593	+\$1,690
TANF/Foster Care families.....	139	139	140	+1
TANF program.....	2,360	2,403	2,431	+28
Foster Care program.....	<u>44</u>	<u>49</u>	<u>52</u>	<u>+3</u>
Total.....	\$17,702	\$19,494	\$21,216	+\$1,722
Distributed to TANF/Foster Care Programs:				
Net Federal Share	\$938	\$924	\$907	-\$17
State Share (includes incentives and hold harmless payments).....	<u>1,487</u>	<u>1,528</u>	<u>1,576</u>	<u>+48</u>
Total.....	\$2,425	\$2,452	\$2,483	+\$31
Administrative Costs (Obligations):				
Federal Share	\$2,806	\$3,248	\$3,414	+\$166
State Share.....	<u>1,649</u>	<u>1,842</u>	<u>2,011</u>	<u>+169</u>
Costs.....	\$4,455	\$5,090	\$5,425	+\$335
Program Costs (Distributed Collections minus Costs):				
Federal Costs	\$1,868	\$2,324	\$2,507	+\$183
State Savings/Costs.....	<u>162</u>	<u>314</u>	<u>435</u>	<u>+121</u>
Net Costs to Taxpayer.....	\$2,030	\$2,638	\$2,942	+\$304

NOTE: Program Costs equal the Administrative Costs minus the portion of collections distributed to TANF and Foster Care Programs.